(d) There is no reason to have undue concern about India's balance of payments situation which remains comfortable. India had a surplus of US $1.35 billion amounting to 0.3% of Gross Domestic product in 2001-02. As per the latest information, merchandise imports in terms of US Dollars declined by 3.7% in April-May 2002 over April-May 2001 and our trade deficit declined significantly from US $2024 million in April-May 2001 to US $995 million in April-May 2002. Our foreign exchange assets (excluding gold and SDRs) stood at $55.5 billion as on the 12th July, 2002 and are sufficient to cover 11 months of imports in 2002-03. However, both the Government and the Reserve Bank of India monitor balance of payments on regular basis and take appropriate policies, as and when necessary to encourage exports and invisible receipts on the current account and capital flows, particularly non debt creating financial flows, on capital account.

Legislation on NPAs of Banks

649. SHRI MOOLCHAND MEENA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are considering a legislation to enable banks and financial institutions to clean-up their balance sheets of Non-Performing Assets or bad loans;

(b) if so, by when this legislation is likely to be introduced;

(c) what are the main features of this legislation; and

(d) to what extent it will held banks to take action on the defaulting companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) President has promulgated an ordinance on 21st June, 2002 on the subject mentioned in the question. Copy of the Ordinance has been laid before the House. Replacement Bill is being introduced in the in current session of Lok Sabha.

(c) and (d) The Ordinance enables banks and financial institutions to realise long term assets, manage problem of liquidity, asset liability mismatch and improve recovery by exercising powers to enforce securities easily. This will enable banks to improve their recovery of dues and reduce their Non-Performing Assets.